

Message Text

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ACTION EUR-12

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AID-05 PM-04 NSC-05 SP-02 SS-15 CIAE-00 DODE-00
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R 291730Z APR 77
FM AMEMBASSY ROME
TO SECSTATE WASHDC 4293
INFO AMEMBASSY BONN
AMEMBASSY PARIS
AMEMBASSY MOSCOW
USMISSION OECD PARIS
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PASS TREASURY AND EXIMBANK

E.O. 11652: N/A
TAGS: EIND, EFIN, UR, IT
SUBJECT: SOVIET-ITALIAN TRADE RELATIONS

1. DURING AN APRIL 26 CONVERSATION, GIUSEPPE LOJACONO, DEPUTY DIRECTOR, OFFICE OF STATE ECONOMIES, MINISTRY OF FOREIGN AFFAIRS, TOLD EMBOFF THAT ABOUT THE ONLY POINT OF AGREEMENT WHICH EXISTS FOLLOWING A RECENT SERIES OF NEGOTIATING SESSIONS IN ROME BETWEEN ITALIAN AND SOVIET DELEGATIONS ON THE ISSUE OF A \$650 MILLION ITALIAN CREDIT PACKAGE TO THE USSR IS WILLINGNESS TO MEET AGAIN.

2. MAJOR ITEMS OF DIFFERENCE OVER EXTENSION OF ADDITIONAL CREDIT HAVE FOR SOME TIME BEEN THE RATE OF INTEREST AND THE ITALIAN PLAN TO HAVE CREDIT-RELATED PROMISSORY NOTES MADE NEGOTIABLE. AS TO THE FORMER, SOVIETS ARE SEEKING A 7 AND 1/2 PERCENT RATE, INCLUDING CREDIT INSURANCE,
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WHILE ITALIAN, IN THE SPIRIT OF RAMBOUILLET AND RECENT EC DECISION, INSIST ON 7.75 PERCENT BEFORE INSURANCE.

3. THERE WAS POSSIBLY SOME PROGRESS, HOWEVER, ON THE ISSUE OF THE PROMISSORY NOTES. LOJACONO SIAD THAT THE SOVIETS HAVE AGREED TO "CONSIDER" A PLAN WHEREBY

THE NOTES COULD BE MADE NEGOTIABLE, BUT NOT ALL AT ONE TIME. ACCORDINGLY, THE SOVIETS WOULD BE FIRST BE NOTIFIED OF PROPOSED SALE OF NOTES AND THE AMOUNT AND WOULD BE GIVEN THE FIRST OPPORTUNITY TO PURCHASE THEM. (LOJACONO NOTES THAT THE SOVIETS HAVE A SIMILAR AGREEMENT WITH WEST GERMANY).

4. LOJACONO SAID THAT THESE ITEMS WILL AGAIN BE DISCUSSED WHEN AN ITALIAN DELEGATION GOES TO MOSCOW, POSSIBLY IN MAY. HE DOUBTS THERE WILL BE ANY AGREEMENT REACHED AT THAT TIME, HOWEVER, SINCE THE SOVIETS ARE PRESENTLY PREPARING FOR CREDIT DISCUSSIONS IN JUNE WITH THE FRENCH. (THE SOVIETS TOLD MEMBERS OF ITALIAN NEGOTIATING TEAM THAT THEY HAVE ALREADY COME TO AN AGREEMENT WITH THE FRENCH UNDER TERMS WHICH THEY CONSIDER MUCH MORE FAVORABLE THAN THOSE BEING OFFERED BY THE ITALIANS AND THAT THE JUNE MEETING WILL SIMPLY BE A FORMALITY FOR CONCLUDING THE AGREEMENT). IN LIGHT OF THE PLANNED PARIS MEETINGS, THE ITALIANS, ESPECIALLY MINISTER OF FOREIGN TRADE OSSOLA, PREFER TO WAIT BEFORE AGAIN DISCUSSING SERIOUSLY THE CREDIT ISSUE WITH THE SOVIETS. IN THE MEANTIME OSSOLA HOPES TO HAVE TALKS ON THIS TOPIC WITH HIS FRENCH COUNTERPART. (LOJACONO CONFIDED THAT ITALY MIGHT BE PREPARED TO MAKE INTEREST RATE CONCESSIONS ASSUMING SOVIETS DO LIKEWISE OVER THE SUBJECT OF PROMISSORY NOTES. HE ADDED, HOWEVER, THAT IT WOULD BE DIFFICULT TO ACCOMPLISH WITHOUT AGREEMENT AMONG EC AND NATIONS PARTICIPATING AT RAMBOUILLET AND QUESTIONED HOW THE FRENCH COULD HAVE, THEMSELVES, OFFERED A BETTER PACKAGE SINCE THEY LIMITED OFFICIAL USE

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ARE SIGNATORIES OF THE SAME AGREEMENTS). GARDNER

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Message Attributes

Automatic Decaptioning: X
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Control Number: n/a
Copy: SINGLE
Sent Date: 29-Apr-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Executive Order: N/A
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